

Message Text

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ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 EA-11 ADP-00 CIAE-00 DODE-00

PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-12 SCEM-02 EB-11 COME-00 INT-08

OMB-01 TRSE-00 NSCE-00 RSR-01 /148 W
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R 251505 Z APR 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6508

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION OECD PARIS

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DEPT PASS WHITE HOUSE AND TREASURY

BEIRUT PASS BAGHDAD

E. O. 11652: GDS

TAGS: ENRG KU US

SUBJ: KUWAITI REACTION TO PRESIDENT' S ENERGY MESSAGE

SUMMARY - GOK BELIEVES IT WILL BE AFFECTED LITTLE BY NEW
STEPS AND POLICIES OUTLINED PRESIDENT' S ENERGY MESSAGE.
RELATIVELY LOW LEVEL EXPORTS KUWAITI CRUDE TO US AND CONSTANT
PRODUCTION OVER NEAR FUTURE DISTINGUISHES KUWAIT FROM ITS
NEIGHBORS WHO ARE BELIEVED TO BE AFFECTED DIRECTLY BY USG
MEASURES. KEY GOK OFFICIAL ACKNOWLEDGED, HOWEVER, THAT GOK
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WOULD HAVE TO BEAR IN MIND POSSIBLE SECONDARY AFFECTS IN EUROPE AND JAPANESE MARKETS AND AS RESULT DEVELOPMENTS ELSEWHERE IN GULF. END SUMMARY

1. GOK ASSISTANT UNDERSECRETARY OIL AFFAIRS MAHMOUND ADASANI UPON RECEIVING COPY PRESIDENT NIXON'S ENERGY MESSAGE REITERATED POINT MADE BY MINISTRY OF FINANCE AND OIL SPOKESMAN TO PRESS THAT KUWAIT WILL NOT BE AFFECTED GREATLY BY THE STEPS AND POLICIES OUTLINED IN THAT MESSAGE. NOTING THAT PRODUCTION HERE RELATIVELY CONSTANT AND ONLY SMALL PORTION KUWAIT CRUDE EXPORTED TO US, ADASANI DISTINGUISHED LOCAL SITUATION FROM THAT WHICH EXISTS IN SAUDI ARABIA AND IRAN.

2. REGARDING PRODUCTION ADASANI SAID FOR TIME BEING THERE NO THOUGHT OF EITHER EXPANDING OR LOWERING PRODUCTION BUT HE THOUGHT MAY BE NECESSARY EXPAND PRODUCTION FURING NEXT FIVE YEARS BECAUSE TREND OF GOK EXPENDITURES RISING FASTER THAN TREND OF INCOME. ADASANI STRESSED THAT NO DECISIONS HAVE YET BEEN MADE REGARDING THIS QUESTION.

3. HE ALSO SAID MANY POTENTIAL PURCHASERS OF KUWAITI PARTICIPATION CRUDE HAVE SOUTH TO BUY OIL FROM GOK AT VERY ATTRACTIVE PRICES. SO FAR GOK HAS REFRAINED FROM MAKING ANY DEALS. IT WISHES STUDY OFFERS CAREFULLY AND IN ANY CASE BELIEVES WOULD BE PREMATURE MAKE FIRM DEALS PRIOR PARLIAMENTARY APPROVAL OF PARTICIPATION AGREEMENT. FYI. THERE HAS BEEN ABSOLUTELY NOT DISCERNABLE MOVEMENT WITH THE NATIONAL ASSEMBLY ON THIS MATTER, ALTHOUGHT MOST OBSERVERS INCLUDING OPPONENTS OF PARTICIPATION ARE NOW ASSUMING EVENTUAL RATIFICATION. END FYI.

4. EMBOFF NOTED GENERAL AGREEMENT WITH GOK CONCLUSION THAT KUWAIT WILL BE RELATIVELY LITTLE AFFECTED BY NEW US ENERGY POLICY BUT HE SUGGESTED TO ADASANI HE KEEP IN MIND POSSIBLE SECONDARY AFFECTS RESULTING FROM ACTIONS WHICH MAY BE TAKEN BY MAJOR EUROPEAN AND JAPANESE CONSUMERS AND AS A RESULT OF DEVELOPMENTS ELSEWHERE IN THE GULF, IN LIGHT STATED US ENERGY POLICY. EMBOFF ALSO SUGGESTED KUWAITIS MAY WISH CONSIDER THOSE AREAS OF POSSIBLE COOPERATION WHICH MAY EXIST BETWEEN PRODUCING AND CONSUMING NATIONS AS US MOVES FORWARD WITH BROAD PROGRAM OF R & D. ADASANI WHO APPARENTLY HAD NOT CONSIDERED THESE POINTS AGREED THAT PRESIDENTIAL ENERGY MESSAGE SHOULD BE READ WITH THESE POINTS IN LIMITED OFFICIAL USE

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MIND.

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5. COMMENT: WE TEND TO AGREE WITH GOK THAT KUWAIT PROBABLY LESS AFFECTED BY CURRENT US ENERGY POLICY THAN OTHER MAJOR PRODUCERS IN REGION. NONETHELESS, THERE CONSIDERABLE INTEREST IN PRESIDENT'S ENERGY MESSAGE AND, ALTHOUGH ADASANI DID NOT SAY SO, SPECIFIC

MEASURES PARTICULARLY REGARDING NEW TERMINAL CONSTRUCTION ALONG
EAST COAST ARE OF CONSIDERABLE INTEREST TO KUWAIT NATIONAL
PETROLEUM COMPANY (SEPTTEL, NOTAL).
STOLTZFUS

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